

## 4Q & FY2022 EARNINGS PRESENTATION

MARCH 1, 2023

# VUZIX®

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# Call Participants and Agenda

## Participants

Paul Travers

*President and CEO*

Grant Russell

*CFO and Executive Vice President*

Ed McGregor

*Director of Investor Relations*

## Agenda

- Introduction
- Business review
- Financial review
- Q&A
- Closing remarks

# Opening Remarks

- The use of augmented reality by both businesses and consumers remains the wave the future
- The use of AI will accelerate the need and use cases for lightweight wearable displays
- Vuzix was built from the ground up over the last 25 years to deliver on the larger promise of AR
- Vuzix for the first time offers multiple products that utilize its optics, waveguides and display engines
- 1Q2023 is off to a strong start



## 2022 Comments

- Overall smart glasses sales challenged by the macro environment and some rollout hiccups
- Blade revenue rose YOY as a result of strong customer acceptance of Blade 2
- Smart glasses demand at largest key accounts, which are being serviced together with ISVs and directly by Vuzix, grew YOY
- Successful expansion of sales channel
- Sharply higher sales of waveguides YOY
- Engineering services sales increased 250% YOY
- Ultralite Platform has already opened doors in the broader markets

# 2022 Was a Year of Significant Achievement for Vuzix



- Leased new waveguide production floorspace to increase unit capacity and significantly lower unit costs
- Entered into a series of agreements with Atomistic for  $\mu$ LED development
- Established and introduced OEM design and manufacturing group
- Developed and introduced the Vuzix Ultralite OEM Platform
- Acquired Moviynt, a revenue generating SaaS solution provider
- Invested in staff and infrastructure to help company scale
- Increased patents and patents pending to 278 versus 241 a year ago

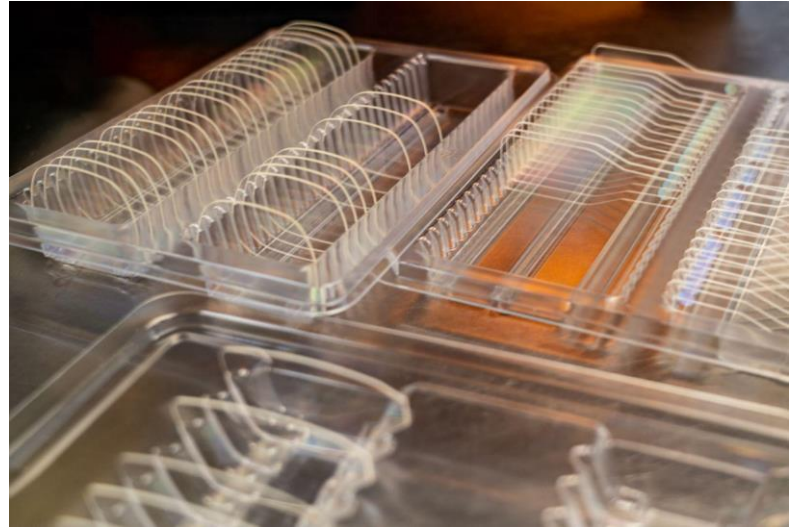
## 2023 Comments

- Well positioned to achieve record revenue on both our product and OEM engineering services sides:
  - ✓ Increased deployments in warehousing and logistics
  - ✓ Expanding healthcare from existing ISVs and multiple new customers
  - ✓ Further engagement with blue chip customers early in their deployment cycles
  - ✓ Further expansion of our sales channel in specific regions
  - ✓ Increased SaaS revenue from Moviynt
  - ✓ Additional and larger engagements from defense firms
  - ✓ Defined paths to production with multiple defense firms
  - ✓ Signing of new agreement by OEM and white label firms
  - ✓ Development contracts and initial deployments of Ultralite-based products



## OEM Comments

- Vuzix' OEM design and manufacturing platform helps streamline efforts to respond to RFIs and formal RFQs
- New and expanded manufacturing facility will bolster advanced capabilities from metrology to capacity
- The facility will focus on the advancement of higher index materials, advanced glass substrates and unique formulation technologies
- Vuzix is well positioned with key prime defense contractors to offer solutions for outfitting US ground troops, Humvees and aircrafts with heads-up display optics and waveguide technology





## OEM Comments - 2

- Critical smart glasses characteristics needed to be successful in the broader markets:
  - ✓ 64% of the population wear glasses
  - ✓ People won't wear glasses that are heavier than 50g
  - ✓ People want and need to have model choices
  - ✓ People want and need fashion forward glasses
  - ✓ People need multiday battery life
  - ✓ Must deliver a compelling experience
  - ✓ Must plug and play with the smart phone as an accessory



## OEM Comments - 3

- The Vuzix Ultralite platform delivers the design breakthrough that the industry has been waiting for
- Vuzix is now engaged with a number of consumer electronic and fashion brands focused on the Vuzix Ultralite OEM platform
- Contributions to the top line are expected to ramp over the balance of this year as programs from consumer OEM customers, alongside US and allied defense and homeland security customers, come online and move through the process



## Product Comments

- More and more large organizations, especially within warehousing and logistics, are committing to smart glasses
- New Ryder System video
- Deloitte: 75% of enterprise organizations over the next 5 years will be adopting wearable and mobile technology
- Android 11 operating system general availability for the Vuzix Blade, Vuzix M400, Vuzix M4000 and Vuzix Shield



Ryder System: <https://www.youtube.com/watch?v=-mCXxm7Xzog>

# Moviynt Comments



- Moviynt's solution was developed in a close collaboration with a very large aerospace and defense customer and is currently deployed in many of their locations across the US and Europe and has recently gone live in Canada as well
- Moviynt's underlying technology and architecture can be packaged into APIs that could be used by Vuzix ISVs
- Continue to expect a 7 figure revenue contribution in 2023 with a minimal impact on net operating costs

## 4Q & FY2022 Operating Results

|                          | 4Q2022     | 4Q2021     | % Change    | FY2022     | FY2021     | % Change     |
|--------------------------|------------|------------|-------------|------------|------------|--------------|
| Product Sales            | \$2.57M    | \$3.13M    | <b>-18%</b> | \$10.51M   | \$12.78M   | <b>-18%</b>  |
| Eng Serv Sales           | \$0.33M    | \$0.19M    | <b>+74%</b> | \$1.33M    | \$0.38M    | <b>+250%</b> |
| Total Sales              | \$2.90M    | \$3.31M    | <b>-12%</b> | \$11.84M   | \$13.17M   | <b>-10%</b>  |
| Gross Profit*            | \$0.16M    | \$0.51M    | <b>-72%</b> | \$1.77M    | \$2.09M    | <b>-15%</b>  |
| Gross Margin*            | 5.7%       | 15.4%      | <b>-63%</b> | 15.0%      | 15.8%      | <b>-5%</b>   |
| Total Operating Expenses | \$11.73M   | \$11.36M   | <b>+3%</b>  | \$43.72M   | \$41.55M   | <b>+5%</b>   |
| Operating (Loss)         | \$(11.85)M | \$(11.31)M | <b>-5%</b>  | \$(42.23)M | \$(39.98)M | <b>+6%</b>   |
| EPS (Loss)               | \$(0.17)   | \$(0.17)   | <b>0%</b>   | \$(0.64)   | \$(0.66)   | <b>+3%</b>   |

\* Prior to Inventory Obsolescence Reserves

## Balance Sheet Highlights

|                    | 12/31/2022 | 12/31/2021 |
|--------------------|------------|------------|
| Cash               | \$72.6M    | \$120.2M   |
| Current Assets     | \$91.2M    | \$137.2M   |
| Working Capital    | \$76.0M    | \$132.4M   |
| Long-Term Debt     | 0          | 0          |
| Shareholder Equity | \$116.7M   | \$143.7M   |

# Q&A